Indian and Northern Affairs Canada
Affaires indiennes et du Nord Canada

Indian Oil and Gas Canada 2005-2006 Annual Report

2008-05896/

Mandate:

To fulfill the Crown's fiduciary and statutory obligations related to the management of oil and gas resources on First Nations lands and to further First Nation initiatives to manage and control their oil and gas resources.

Mission:

To work together with First Nations to manage their oil and gas resources.

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Mission

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Message from the CEO

Gregg C. Smith
Chief Executive Officer
Chief Executive Officer

I am pleased to report that 2005-2006 has been another year with a high level of oil and gas activity on First Nation lands. For the fourth year in a row, the moneys that Indian Oil and Gas Canada collected on behalf of First Nations increased, with a total of $271.5 million during the fiscal year. In the last seven fiscal years, IOGC has collected more than $1.5 billion in oil and gas moneys on behalf of First Nations. Thank you to IOGC's management team and employees for their dedication and hard work in helping to make this happen.

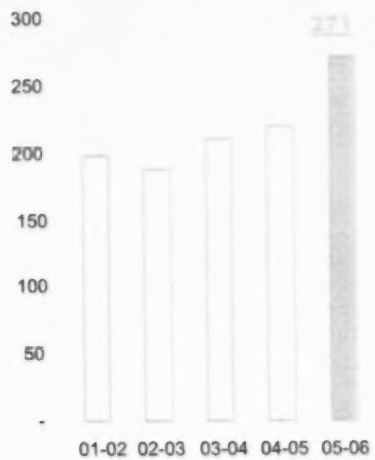
IOGC continues to work diligently on several key initiatives that are improving its business processes and benefiting oil and gas First Nations and companies. The key initiative Streamlining the Royalty Process led to the development of a system to accept electronic submissions from companies of their royalty data. The system went live in April 2005 and has reduced the associated administrative and manual workload for both IOGC and companies. Work continues on other parts of the royalty process that will be made available on the Internet in the future.

Standard price markers for use in oil and gas dispositions were developed under the Royalty with Certainty key initiative, which now is developing simplified negotiation parameters for gas cost allowance. These standardizations will give affected First Nations and companies more certainty about the value of royalties from production on First Nation lands and reduce royalty adjustments.

Another key initiative, Automation of Interest with Accounts Receivable System, has been progressing well, with the land development phase of the project almost completed. Commencing May 2006, monthly land statements are scheduled to be sent to companies. Work will then start on the royalty development phase of the initiative so that interest on royalty payments can be similarly billed.

While IOGC continued to improve its business practices, much progress occurred in supporting the future vision of First Nation control of oil and gas. This vision has two parts: individual First Nation control and collective First Nation institutional control.

Total Moneys Collected
on Behalf of First Nations
($ millions)



Of great importance this year was the passage of the *First Nations Oil and Gas and Moneys Management Act* (FNOGMMA) on November 25, 2005, supporting the vision for individual First Nation control of oil and gas. The foundation of this optional legislation was 10 years in the making, but the participating First Nations - Blood Tribe (Alberta), Siksika Nation (Alberta) and White Bear First Nation (Saskatchewan) - now have a legislative instrument with which to assume control and management of their oil and gas resources if their community members so choose. In doing so, these First Nations have paved the way for others who may wish to follow their lead in the future.

Indian Oil and Gas Canada's Co-Management Board saw significant progress both in improving its effectiveness through the Memorandum of Understanding under which it operates, as well as the visioning it undertook in relation to greater First Nation control of oil and gas. The Board made a resolution for the Indian Resource Council and the Government of Canada to discuss greater First Nation control of oil and gas through First Nation institutions.

I am looking forward to the future as all of us at IOGC continue to work together in our commitment to assist First Nations in the development and management of their oil and gas resources.

Gregg C. Smith
Chief Executive Officer
And Executive Director

Corporate Evolution

In 1993 Indian Oil and Gas Canada was affirmed as a Special Operating Agency to maximize its flexibility and responsiveness to both industry and First Nation needs.

The Government of Canada has a broad mandate relating to Indian and Inuit Affairs and Northern Affairs which is derived largely from existing legislation and legal obligations arising from section 91(24) of the *Constitution Act, 1867*. The Department of Indian Affairs and Northern Development is entrusted with fulfilling various legal obligations of the federal government to Aboriginal peoples as outlined in Treaties, the *Indian Act* and other legislation. Included in this obligation is the management of natural resources on Indian lands, including oil and gas.

Oil and gas development on First Nation reserve lands has been regulated since 1916 under the *Indian Act*. In 1974, due to the sharp increase in oil and gas activities on First Nation lands, the *Indian Oil and Gas Act* was passed, followed in 1977 by the *Indian Oil and Gas Regulations*. In 1987, Indian Oil and Gas Canada was established, replacing Indian Minerals West, as a dedicated branch within the Department of Indian Affairs and Northern Development to manage oil and gas development and to further First Nation initiatives to manage and control their resources. In 1993 Indian Oil and Gas Canada was affirmed as a Special Operating Agency to maximize its flexibility and responsiveness to both industry and First Nation needs.

Statutory Authorities

IOGC operates in accordance with provisions of the:

- *Indian Oil and Gas Act*
- *Indian Oil and Gas Regulations, 1995*

IOGC also enforces associated federal legislation including provisions of the:

- *Indian Act*
- *Canadian Environmental Assessment Act*
- *Other relevant legislation*

IOGC Organization Chart

IOGC Co-Management Board

During fiscal year 2005-2006, much of the Board work focused on improving its effectiveness under the current MOU and looking at the future vision of First Nation control of oil and gas.

Indian Oil and Gas Canada (IOGC) operates under the direction of a Chief Executive-Officer/Executive Director who participates as a member of the Board of Directors. The Board was established in 1996 by the signing of a Memorandum of Understanding (MOU) between the Minister of Indian Affairs and the Indian Resource Council (IRC) to co-manage IOGC operations. The Board focuses on areas of collective interest such as IOGC issues, policies, plans, priorities and resources.

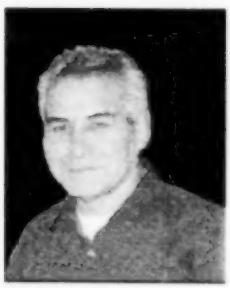
The work on Board effectiveness resulted in the creation of a Board effectiveness policy and revisions to the Board's Rules of Procedure policy. The visioning work of the Board resulted in a resolution for the Indian Resource Council and the Government of Canada to engage in discussions regarding First Nation institutional control of oil and gas with greater provisions for individual First Nation control of transactions. The resolution was raised at the Indian Resource Council Annual General Meeting and a similar resolution was passed by the Indian Resource Council membership.

There are nine members on the Board, six of which are selected by the Indian Resource Council and three by the Crown. At the beginning of the fiscal year, the IOGC Co-Management Board included the following individuals (note that one position, the industry representative selected by the Crown, is vacant).

Chief Ernest Wesley holds a B.A. in political science from the University of Calgary. For the last 24 years, Chief Wesley has been dedicated to improving the lives of the Stoney First Nation citizens. He was first elected as a councillor to the Stoney First Nation in 1982 and became Chief in 1992. A father of four and a grandfather of eight, Chief Wesley is a strong advocate for youth and education endeavours. Presently Chief Wesley is a member of the Indian Resource Council Board of Directors; the Treaty 7 Management Corporation Board of Directors; and the Provincial Aboriginal Tourism Advisory Council.

Mr. Warren Johnson holds a Commerce degree with graduate work in Economics. In the 1970s and 1980s he held senior roles in regional, industrial and trade policy and program development. Since joining the department in the early 1990s he has been Assistant Deputy Minister, Economic Development; Regional Director General, Northwest Territories, and a lead on different special corporate projects such as head of the Devolution and Additions to Reserve Task Forces. He is also a Assistant Deputy Minister lead for the Aboriginal and Northern Theme Table of the Smart Regulations Initiative.

Born in Fort St. John, British Columbia, Chief Chipesia completed both an undergraduate degree and a law degree at the University of Calgary and practiced law with an Alberta law firm. She was nominated and elected as the first female Chief of the Blueberry River First Nation (Treaty No. 8) in 2003. She assumed her position on the IOGC Co-Management Board on behalf of the Treaty 8 First Nations in North Eastern British Columbia. She also served as a board member for the Indian Resource Council (IRC). Chief Chipesia has significant experience dealing with complex oil and gas issues affecting First Nations.



A long-standing member of the Aamjiwnaang band council, Mr. Ermal Gray grew up on what was then known as the Chippewas of Sarnia First Nation in Ontario. He has a wealth of experience in industry-related trades and has served on numerous boards and committees both locally and nationally throughout his career. A father of two, Mr. Gray is very much involved in issues that affect his community, ranging from band-owned enterprises, and land claims, to dealing with industry, education and housing. He also served on the board of the Indian Resource Council since its inception in the late 1980s.

Councillor Ben Ground
Beech Creek First Nation

Biography unavailable at this time.

Chief Bernice Meniken
Saulteaux First Nation

Biography unavailable at this time.

Mr. Bernard Shepherd
White Bear First Nation

Born in Arcola, Saskatchewan Mr. Bernard Shepherd studied at the University of Regina. In 1991 he was elected to a four-year term as Chief of White Bear First Nation, making him the youngest chief of that First Nation to date. A father of three, Mr. Shepherd has been involved in a number of different business enterprises and served on various resource-related boards including the Saskatchewan Resource Council and Indian Resource Council, among others. From 2002 to the present, he has been a tribal representative for the South East Treaty 4 Tribal Council.

Mr. Gregg C. Smith
CEO, Executive Director
Indian Oil and Gas Canada

Mr. Gregg Smith joined IOGC after 15 years heading the Treaty 7 Tribal Council as its president. He is a member of the Calgary Chamber of Commerce, a long-time volunteer at the Calgary Exhibition and Stampede, and has served on several Aboriginal advisory boards and commissions. Mr. Smith was also co-founder of the Alberta Indian Health Commission, past president of the Indian Association of Alberta and elected council member of the Piikani Nation.

Indian Resource Council

A representative voice for over 130 First Nations with oil and gas interests, the Indian Resource Council (IRC) works with and provides assistance to First Nation governments, businesses and individuals hoping to take advantage of business and employment opportunities within the oil and gas industry.

In 1987, when the IRC come into being, it existed first and foremost to watch over Indian Oil and Gas Canada. During the ensuing years, this has changed. The mandate broadened and the IRC realized it could have greater impact, that it could fill other niches. The IRC was given responsibility to begin finding ways and means to build capacity in terms of First Nation governments and business entities so they would have the knowledge necessary to carry on managing the regulatory and business end of oil and gas. Ultimately the IRC helps bridge the way to opportunity for First Nations and their people for greater economic self-reliance through increased management of resources on reserve and traditional lands. The IRC is involved in the development and implementation of employment and training programs and the creation of alliances between First Nations and the oil and gas sector.

The work of the IRC is guided by basic principles of:

- Supporting member First Nations in their efforts to attain full management and control of their oil and gas resources
- Ensuring the preservation of federal responsibilities established under Treaties with First Nations
- Coordinating the promotion of initiatives with the federal and provincial governments with industry and other groups associated with oil, natural gas and related activities to enhance economic benefits realized by First Nations from resource development.
- Encouraging greater development and utilization of First Nations human resources

The IRC is headed by President/CEO Mr. Roy Fox reporting to a Board of Directors. The IRC Board consists of First Nation elected leaders from Alberta, British Columbia, Ontario, Saskatchewan and New Brunswick.

First Nations Oil and Gas Key Initiative

The pilot project leading up to the Bill has been championed over the past decade by three proponent First Nations, White Bear First Nation in Saskatchewan, and the Siksika Nation and Blood Tribe in Alberta.

The *First Nations Oil and Gas and Moneys Management Act*, referred to as Bill C-54, was passed by Parliament on November 25, 2005. The purpose of this optional legislation is to enable any First Nation subject to the *Indian Act*, to assume the direct management and regulation of oil and gas exploration and development currently carried out on its behalf by Indian Oil and Gas Canada (IOGC). The bill enables First Nations to assume control of the regulation and management of oil and gas related revenues on reserve lands and/or receive and manage moneys held or that would be held by Canada in the Consolidated revenue fund on behalf of First Nations.

The pilot project leading up to the Bill has been championed over the past decade by three proponent First Nations, White Bear First Nation in Saskatchewan, and the Siksika Nation and Blood Tribe in Alberta. These three First Nations have been full participants in both the design of the optional legislation and in developing the necessary capacity to implement its provisions. For those three First Nations, the decision to opt in to FNOGMMA would be made in a referendum conducted among eligible members of the First Nation. Qualified First Nations that wish to opt in to the legislation can do so in a similar but shorter process.

Pilot Project: Zooming in on the Blood Tribe

By Raymond Lawrence

The results are in and it appears that the pilot project which began in the mid-1990s will go down in history as a success.

The *First Nations Oil and Gas and Moneys Management Act* (FNOGMMA), optional legislation enabling the final phase of the pilot project, was passed in the House of Commons in November, 2005. The three First Nations who participated in the initiative will likely soon hold referendums to determine if band membership agrees to take the next step, full control of their own oil and gas resources under FNOGMMA. If the local membership gives them their support, the Blood Tribe, the Siksika

" We are looking at stretching this non-renewable resource not only for this generation but for future generations. "

David Shade, general manager, Kainaiwa Resources Incorporated

Nation and White Bear First Nation will begin operating under the new opt-in legislation.

The Blood Tribe in particular has seen a variety of dramatic results since entering the pilot project, according to David Shade, general manager of Kainaiwa Resources Incorporated.

While it is recognized that the life of the wells is not eternal, making the most of oil and gas opportunities is a must. Previous legislation did not have the same broad vision as that which underpins the pilot project, FNOGMMA. This opt-in legislation, among other things, is aimed at allowing the participants to generate greater potential from their on-reserve oil and gas than they saw in the past. First Nations have expressed a desire to tap into downstream and value-added oil and gas opportunities that had previously eluded them. They also want to have a bigger piece of the up-front action through jobs, contracting, subcontracting, and partnerships.

The pilot project involved not just the development of new legislation but also the transfer of vast amounts of knowledge, skills, and expertise. "IOGC has been really supportive and they've been cognizant of the types of training that we've lacked," says Shade, who came in as a trainee when the project began.

The transfer of knowledge, skills development and technical training of people from each First Nation is continuing. Mr. Shade says the process may go on for as long as the wells continue to pump to keep up with new technology and approaches to oil and gas operations. "The capacity-building will be ongoing because you have a limited resource with a large population so we need to be innovative as we develop our reserves," he says.

Further development on Blood Tribe lands will ultimately lead to new opportunities for its people. These may include downstream activities, natural gas fired power generators, drilling, new partnerships, and more exploration. "We are looking at stretching this non-renewable resource not only for this generation but for future generations," says Shade.

The Blood Tribe are already spanning the generations through different thrusts of their operations. For example, because of their traditional knowledge, elders are being employed to ensure there are no negative impacts on culturally sensitive areas and areas of historic value.

From the moment of conception, the pilot project has been a group effort, one that has strengthened relationships between the participants. "As far as the other First Nations involved in this, we've all been very supportive of each other and we've really gotten to know each other over the past 10 years," says Shade.

"We've formed something like a partnership so when there are problems, we help each other out. It's been a really good process with lots of cooperation on all sides in trying to reach that final goal."

Raymond Lawrence is a freelance writer of Ojibway and European ancestry.

Royalty with Certainty Key Initiative

The two main purposes of simplification are to increase certainty of the value of First Nations royalties and to decrease the timeframe required to obtain these values.

Background

The Royalty with Certainty project involves exploring options to simplify IOGC's negotiated royalties.

Over the past number of years, IOGC's negotiated royalties reflected First Nations' wishes for more active involvement as the oil and gas business evolved. Consequently, a highly complex system of royalties using a wide variety of defined values came to exist. Some of these defined values are not known at the time royalties are due to be paid, so IOGC began accepting estimated values and payments and performed recalculations and adjustments in later months once actual values were known. Given that the actual values are often not all known at once, there can be several recalculations of royalties and a significant amount of time elapsed from the time the royalties were initially due to when payment is complete and accurate.

These adjustments result in overpayments and underpayments to the First Nation, increasing the administrative burden for IOGC, First Nations and companies.

Status

The project is comprised of a four phase work plan. The first two phases of the project are completed: publicly available price markers for natural gas and for products that result in no loss of royalties to First Nations have been developed. These price markers are used in most new agreements and also in amendments to existing agreements when the lessee and First Nation are interested.

Phase three is nearing completion as a consultant has completed a study of IOGC's gas cost allowance and has made recommendations for simplifying it. IOGC will be reviewing the recommendations and deciding on the next step of incorporating the recommendations in future negotiations for new agreements. Following that, the development of a standard royalty structure for phase four will be initiated.

Streamlining the Royalty Process Key Initiative

The electronic submission system went live on April 25, 2005 and in the fiscal year it validated and accepted over 37,000 royalty statements.

Background

The main goal of the project to streamline the royalty process is to ensure that the royalties collected on behalf of First Nations are as accurate and timely as is reasonably possible. The project also supports the automatic calculation of interest and involves extensive changes to current royalty processes. It includes taking advantage of the technology available for electronic submission of information over the Internet.

IOGC's royalty processes were reviewed in fiscal year 2003-2004. By June 2004, IOGC had developed a new business model with revised business rules, procedures and processes including electronic submission. An implementation plan, complete with process training documentation and change management considerations, was developed as of March 2005.

Status

IOGC created a system to receive electronic submissions of royalty data through IOGC's Internet site. Companies are now also able to submit electronic copies of backup documentation for pricing and volumes, enabling them to fulfill their data submission requirements via the Internet.

More parts of the royalty process, such as gas cost allowance, will be made available on the Internet in the future. IOGC is continuing to rewrite the existing royalty guidelines to reflect the changes implemented.

In the future, IOGC plans to develop a report summarizing production activity and send it to First Nations on a regular basis. Additionally, under the related key initiative Automation of Interest with Accounts Receivable System, a monthly report summarizing royalty activity and any related interest charges will be developed and sent to companies.

Throughout the project, information letters have been distributed to update industry on the changes and on modifications to their reporting requirements to IOGC. The information letters, along with an Electronic Submission User Guide, are available on IOGC's website.

Automation of Interest Key Initiative
Automation of Interest with Accounts Receivable System

Monthly land statements are scheduled to be sent to companies commencing May 2006, completing the land phase of the project.

Background

Indian Oil and Gas Canada (IOGC) collects moneys on behalf of First Nations relating to the exploration and production of their oil and gas. Moneys collected fall into the broad categories of land and royalty, with land moneys including things such as bonuses, initial considerations and annual rentals. Royalty moneys are collected on the production of First Nation oil, gas and gas products.

Interest has been collected on late moneys by preparing letters advising companies of outstanding amounts and interest required pursuant to the *Interest and Administrative Charges Regulations*.

IOGC is automating the collection of interest on the late payments of these First Nation trust funds by implementing an accounts receivable system within IOGC's Resource Information Managements System (RIMS). Once complete, monthly receivable statements for land and royalty will be generated automatically and sent to companies. A separate statement will also be provided to First Nations. The project is split into two phases, land development and royalty development, with the focus in 2005-2006 on the land component.

Status

During 2005-2006, outstanding issues regarding land-related processes were resolved, system specifications were completed and land-related system components were developed and are in the process of being tested. Monthly land statements are scheduled to be sent to companies commencing May 2006, completing this phase of the project.

Work will then commence on the royalty development phase of the project.

Spotlight: Treaty Land Entitlement

The Treaty Land Entitlement (TLE) process exists to fulfill outstanding obligations related to the provision of land for Indian Reserves as prescribed in the treaties between the Government of Canada and First Nations.

Background

Many TLE lands have oil and gas activity and IOGC is responsible for issuing TLE replacement agreements, where the lands that are selected for TLE already have oil and gas agreements. The replacement agreements are issued pursuant to the *Indian Oil and Gas Regulations, 1995*, and become effective upon reserve creation.

Current Activity

There have been more than 225,000 of hectares of Indian Reserve lands created since the TLE process began. During fiscal year 2005-2006, about 15,800 hectares of TLE lands were granted reserve status, with approximately 14,400 of these hectares in Alberta and 1,400 in Saskatchewan.

At the end of fiscal year 2005-2006, IOGC administered 36 TLE subsurface agreements and 68 TLE surface agreements. Additionally, IOGC continued to work on the issuance of 343 TLE replacement agreements, 34 of which are subsurface agreements with the remaining 309 being surface agreements.

Claim Settlements (Alberta and Saskatchewan) Implementation Act

The *Claim Settlements (Alberta and Saskatchewan) Implementation Act* (CSIA) allows First Nations to make business deals involving TLE lands before the lands have been granted reserve status, provided such lands have been pre-designated for development. For example, a First Nation may negotiate the disposition of oil and gas rights prior to reserve creation, although the developer must wait until reserve creation to physically start work on the land.

The CSIA has created a need for IOGC to participate in negotiations prior to reserve creation with potential lessees for agreements that will be issued under it.

During fiscal year 2005-2006, IOGC issued one lease pursuant to the CSIA. The lease became effective upon reserve creation.

Spotlight: First Nation-owned Oil and Gas Companies

At the end of fiscal year 2005-2006, 17 First Nation-owned oil and gas companies held 163,000 hectares of land under 167 subsurface agreements.

Many First Nations have created their own oil and gas companies as a way to become more involved in the industry and to potentially reap more rewards than by passively collecting royalties.

At the end of fiscal year 2005-2006, 17 oil and gas First Nation-owned companies held 167 subsurface agreements on Indian Reserve lands, representing 22 percent of the total number of subsurface agreements that IOGC administered. A total of 163,000 hectares was disposed under these agreements, representing 28 percent of the total number of disposed hectares.

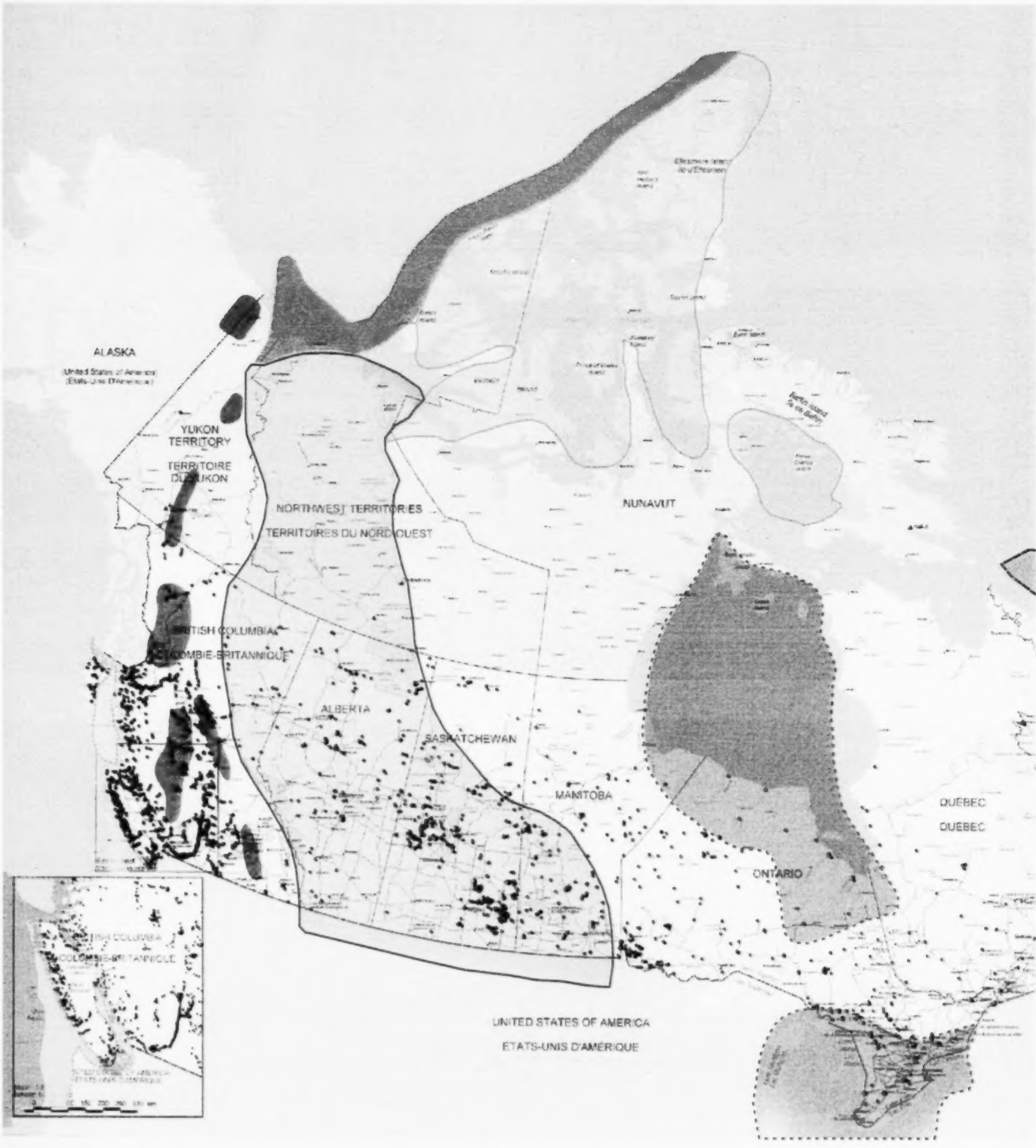
Additionally, 24 wells were drilled on these leases, representing 13 percent of the total wells drilled.

Subsurface Agreements held by First Nation-owned Companies at end of 2005-2006

Total 167 agreements

Area held by First Nation-owned Companies at end of 2005-2006

Total 163,000 hectares


ALASKA
(United States of America)
(États-Unis d'Amérique)
YUKON TERRITORY
TERRITOIRE DU YUKON
NORTHWEST TERRITORIES
TERRITOIRES DU NORD-OUEST
NUNAVUT
BRITISH COLUMBIA
COLOMBIE-BRITANNIQUE
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
QUÉBEC
QUEBEC
UNITED STATES OF AMERICA
ÉTATS-UNIS D'AMÉRIQUE

• **First Nation reserve lands**

Indian Oil and Gas Canada is responsible for managing the oil and gas from Indian Reserve lands across Canada.

There are about 3000 Indian Reserves in Canada, almost all of which are south of the 60th parallel.

Indian Reserve lands must be "designated" for the development of oil and gas pursuant to the *Indian Act*. Currently there are about 300 such designated Indian Reserves spread across British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, with one in the Northwest Territories.

Operations

Indian Oil and Gas Canada has four distinct units that regulate the exploration and development of First Nations oil and gas resources. Executive Unit is accountable for overall agency planning and direction, consultation, policy development, pilot project management, communications and overall executive and legal services. Land Unit issues and administers agreements on First Nations lands. Production Unit monitors production from First Nation lands and ensures the accurate collection of royalties. Planning and Corporate Services Unit is responsible for corporate planning, finance, administration and human resources.

Executive

The Executive Unit, headed by the Chief Executive Officer, focuses on:

- Setting corporate direction and strategy
- Implementation of directives of the IOGC Board of Directors
- Operational policy development (including legislative/regulatory amendments) and consultation
- Communications and corporate executive services
- Management of the pilot project

Operational Policy Group Functions

- Support of operational policy development
- Support of new legislation, specifically the *First Nations Oil and Gas and Moneys Management Act*
- Advancing proposed changes to the *Indian Oil and Gas Act* and *Indian Oil and Gas Regulations, 1995*
- Involving key parties to obtain input in the above

Pilot Initiative Group

The pilot initiative group works to support the First Nations Oil and Gas Management Initiative, referred to as the "Pilot Project." It was launched in 1994 with the aim of allowing interested First Nations to assume control and management of their oil and gas resources.

New legislation supporting the pilot project became a reality on November 25, 2005 when the *First Nations Oil and Gas and Moneys Management Act* (FNOGMMA) was passed by Parliament.

The project was developed and initially implemented through a joint process to transfer the control and management of oil and gas resources from Indian Oil and Gas Canada to interested First Nations. The joint process involved the First Nations, the Indian Resource Council (IRC) and the Department of Indian Affairs and Northern Development (DIAND) through its regulatory agency IOGC.

Over the past decade, the Blood Tribe, Siksika Nation, and White Bear First Nation have been working closely with IOGC to develop their capacity to assume control and management of their oil and gas resources. During capacity development, key findings and complex issues which arose indicated that if the complete transfer of oil and gas resource management to First Nations was to be successful, new legislation would be needed.

This new legislation became a reality on November 25, 2005 when the *First Nations Oil and Gas and Moneys Management Act* (FNOGMMA), was passed by Parliament. After community consultations and subject to a favourable referendum, the three proponent First Nations will be able to opt in to FNOGMMA.

IOGC is in the process of developing entrance criteria and a FNOGMMA implementation policy for other First Nations to be able to take advantage of the legislation in the future.

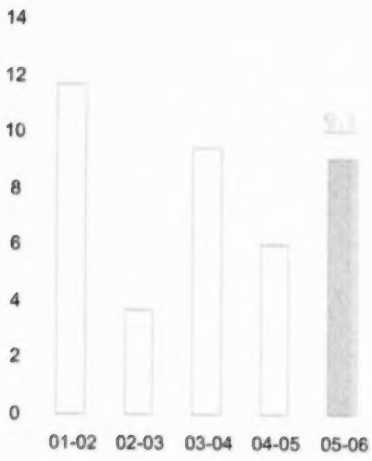
Communications/Executive Services Functions

- Disseminating information to First Nations, oil and gas industry companies, the public and government
- Development of corporate communications strategies regarding IOGC issues that have the potential to impact First Nations or the private sector
- Development and preparation of briefings on IOGC issues for senior DIAND/IOGC officials and the minister
- Preparation of communications plans, strategies, reports (including the Annual Report) and correspondence on IOGC activity
- Maintenance of IOGC's external web site

Land

The Land Unit contains five groups: Negotiations, Subsurface Land Contracts and Administration, Environment, Research and Surface Land.

Bonus Moneys
($ millions)



Negotiations Group Functions

- Assessing proposals by interested companies against IOGC's disposition policy
- Identifying, developing and promoting disposition options with First Nations to increase exploration and development of First Nations oil and gas resources
- Assisting First Nations in reaching agreements with companies by providing negotiation and facilitation expertise to support the negotiation process
- Providing information concerning subsurface leasing trends, sales prices and related policies to all interested stakeholders
- Providing advice to Treaty Land Entitlement (TLE) First Nations, and working together with various federal and provincial government departments and industry to facilitate the implementation of the TLE process.

In fiscal year 2005-2006, the negotiations group negotiated and completed 34 new subsurface agreements which included a total of 67,000 hectares and $18.3 million of bonus moneys. They also negotiated 42 amendments to existing agreements during the fiscal year. Almost 20 negotiations were ongoing at year end.

Subsurface Land Contracts and Administration Group Functions

- Drafting and ensuring the execution of oil and gas agreements and amendments in accordance with negotiated terms and conditions and with federal government regulations
- Monitoring contractual commitments
- Administering subsurface oil and gas agreements throughout the life of the agreement, including financial commitments (excluding royalties) and First Nation suspense accounts

During fiscal year 2005-2006, the subsurface land contracts and administration group issued 42 amendments to subsurface agreements, 35 negotiated subsurface agreements, 23 lease selections, 12 Directions to Comply, 111 continuances, 64 assignments and 32 expiries or terminations. They also handled name changes/amalgamations affecting 600 agreements and address changes affecting 400 agreements.

Environment Group Functions

- Ensuring all proposed oil and gas surface facilities and activities, including seismic and construction of surface leases and pipeline rights-of-way, undergo an environmental assessment or screening as required by the Canadian Environmental Assessment Act (CEAA)
- Reviewing all environmental assessments to ensure potential environmental impacts are mitigated
- Imposing environmental protection terms so that oil and gas companies comply with federal and provincial legislation
- Performing field inspections and reviewing audits of surface facilities to monitor industry compliance with the environmental terms of surface agreements
- Ensuring the adequacy of reclamations prior to the surrender of surface agreements

During fiscal year 2005-2006, environmental staff prepared 405 screening reports pursuant to CEAA. Staff also reviewed environmental audits and provided information and assistance to First Nations, industry representatives and other stakeholders.

The environment group will be updating its information letters, 'How to Prepare an Environmental Assessment' and 'Reclamation and Audit Requirements'. These will be mailed out and posted on the IOGC website when completed.

Surface Group Functions

- Drafting and ensuring the execution of all surface agreements in accordance with negotiated terms and conditions and federal government regulations
- Administering all surface agreements throughout the life of the agreement, including financial commitments, rent reviews, assignments and surrenders
- Training and working together with First Nations and industry regarding surface dispositions for upstream oil and gas activities

During fiscal year 2005-2006, the surface group initiated 443 surface agreements, five more than the record set in fiscal year 2003-2004. At the end of fiscal year 2005-2006, the surface group was administering 3,472 active surface agreements, including 2,556 surface leases and 1,181 rights-of-way.

Research Group Functions

- Verifying legal title and status of minerals in surrendered and designated Indian reserve lands prior to disposition
- Verifying legal title and acreage leased by all parties (this may entail review of title for non-reserve lands) to determine the First Nation interest for pooling purposes and to ensure the production spacing unit is complete
- Providing mineral title status of Indian reserve or former Indian reserve land for the purposes of monitoring activity, land claims, and litigation

During fiscal year 2005-2006, the research group verified legal title and acreage to determine the First Nation interest in 241 well entities. They also tracked more than 14,000 hectares of Treaty Land Entitlement (TLE) lands that were granted Indian Reserve status; more than 6,000 hectares of lands that were additions to reserve; and added information about these lands to IOGC's corporate database.

Negotiated Subsurface Permits Initiated from April 2005 through March 2006*

First Nation	Company	Area Disposed (Hectares)
Beaver First Nation	Black Spur Energy Inc.	7,040.00
Blood	Bowood Energy Corp.	2,929.57
Dene Tha	Navigo Energy Inc.	4,224.00
Horse Lake First Nation	Tasman Exploration Ltd.	1,547.10
Saulteaux	Long View Resources Corporation	10,843.00
Swan River First Nation	Swan River Energy Inc.	4,289.66
Total		30,873.33

Negotiated Subsurface Leases Initiated from April 2005 through March 2006

First Nation	Company	Area Disposed (hectares)
Alexander	Petro-Reef Resources Ltd.	768.00
Alexander	Sequoia Oil & Gas Ltd.	256.00
Blood	Bonavista Petroleum Ltd.	239.28
Carry the Kettle	Grizzly Resources Ltd.	2,623.97
Cold Lake	Tri-Rez Oil & Gas Production Ltd.	3,072.00
Dene Tha	Apache Canada Ltd.	183.10
Dene Tha	Shiningbank Energy Ltd.	1,536.00
Dene Tha	Warburg Resources Inc.	71.40
Frog Lake	Canadian Natural Resources Limited	693.72
Frog Lake	Frog Lake Energy Resources Corp.	191.21
Louis Bull	Maverick Oil & Gas Ltd.	512.00
Montana	Canadian Natural Resources Limited	0.49
Ocean Man	Keystone Energy Corp.	520.43
Paul	Zargon Oil & Gas Ltd.	14.40
Sharphead Indian Reserve (extinct)	Encana Corporation	24.95
Sturgeon Lake Cree Nation	Winstar Resources Ltd.	1,212.47
Thunderchild First Nation	Thunder Oil Ltd.	2,344.07
Tsuu Tina Nation	Tsuu Tina Energy Corporation	4,736.00
Woodland Cree First Nation	Woodland Cree Energy Inc.	15,936.01
Total		34,937.50

*A total of 12,256 hectares of permit lands were converted to 23 leases during fiscal year 2005-2006.

Production

The Production Unit includes three distinct groups: Engineering/Geology, Royalties and Informatics.

Engineering/Geology Group Functions

- Dealing with volumetric compliance, production monitoring, economic evaluation and reservoir engineering
- Providing technical evaluation as part of the review and processing of leases at the end of their primary and succeeding terms

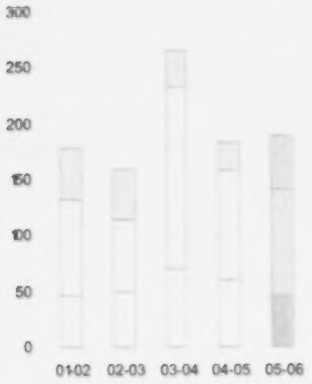
The Compliance activities include:

- Ensuring that production volumes are measured accurately and reported correctly and inspecting production equipment located on reserves to ensure operation in an environmentally sound manner
- Monitoring the drilling and status of wells around reserves to identify situations where First Nations oil and gas resources are subject to the risk of being drained and taking appropriate measures to lessen the risk of drainage
- Ensuring that all necessary documents required by the *Indian Oil and Gas Regulations, 1995* and which pertain to drilling, servicing and abandoning wells in which a First Nation has a royalty interest, are provided by permittees and lessees
- Reviewing technical applications of various kinds which companies submit to the provincial regulatory authorities and which could potentially impact First Nations reserve lands

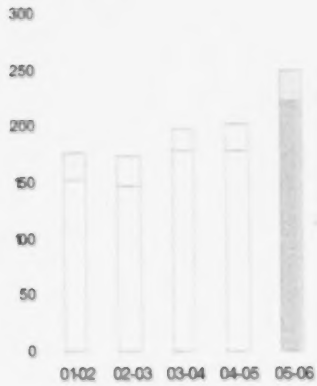
During fiscal year 2005-2006, IOGC received 37 Notices of Application from the Alberta Energy and Utilities Board regarding drilling and operations. Three of these applications applied to areas near Indian interest lands and were reviewed by technical staff.

During the fiscal year, there were also 189 wells drilled affecting 19 Indian Reserves in Alberta and eight in Saskatchewan. The wells included 46 oil, 95 gas, eight

Wells Drilled on First Nation Lands



Royalty Revenues from First Nation Lands ($ Millions)



abandoned, two with abandoned zones, 37 cased and one well remaining on confidential status at the time of this publication. Many of the cased wells will be declared as either oil, gas or abandoned in subsequent months. In drilling these wells, the oil and gas industry invested $66.5 million and drilled a total of 179 kilometres of hole.

The Reservoir Engineering activities include:

- Providing yearly revenue forecasts to First Nations and the regional offices for budgeting purposes
- Evaluating oil and gas leases for continuance
- Processing applications to abandon wells and to convert wells for water disposal, fluid injection or use as observation wells
- Providing advice to First Nations with respect to the economics presented by companies in support of their proposals for developing First Nations lands
- Maintaining a hydrocarbon resource inventory

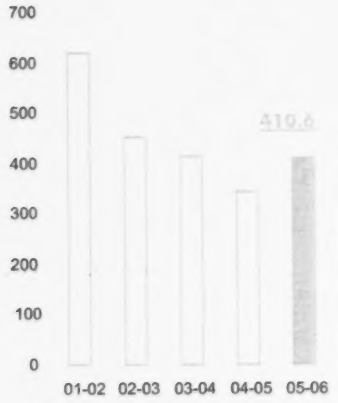
A total of 174 lease continuance applications were handled during fiscal year 2005-2006. About 77,000 hectares of land under these leases were continued while the remaining 22,000 hectares were terminated. The terminated lands are available for re-lease.

During the fiscal year there were also 20 well abandonment approvals affecting eight Indian Reserves. Four geological and engineering studies were completed under contract during the year.

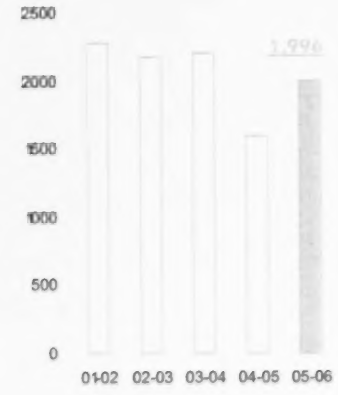
Royalty Group Functions

- Ensuring the accurate collection of royalties and subsequent reconciliation of accounts
- Reporting results of reconciliation process to First Nations and companies to resolve variances
- Monitoring royalties collection for Treaty Land Entitlement lands in Saskatchewan

Oil Production from First Nation Lands (Thousand Cubic Metres)



Gas Sales Volumes from First Nation Lands (Million Cubic Metres)



- Ensuring all interest is accounted for from wells on production on Indian lands
- Verification of reported data to ensure accuracy and completeness
- Ongoing development of processes to accept electronic submissions of royalty statements, gas cost allowance applications and supporting documents from companies
- Reviewing gas cost allowance submissions for approval and settlement
- Conducting field and facility inspections and examinations as required to ensure claim costs or deductions are accurate and fall within prescribed regulations and guidelines
- Identifying companies that need to be examined in the areas of pricing and gas cost allowance
- Familiarizing First Nations with royalty processes, including assisting in training of Pilot First Nations in monitoring royalties and developing management reports
- Training of company personnel in accurate royalty reporting

At the end of fiscal year 2005-2006, royalty staff managed over 3000 royalty entities.

During fiscal year 2005-2006, there were 21 examinations completed, 10 in the area of gas and product pricing and 11 in the area of gas cost allowance. These examinations affected seven Indian Reserves and eight companies and resulted in $2.3 million of collections.

Informatics Group Functions

- Maintenance of the local area network and corporate data systems used by IOGC
- Provision of support for corporate software including finance, word processing, spreadsheet and graphics-based programs

Planning and Corporate Services

Planning and Corporate Services (PCS) is headed by the Director, Planning and Corporate Services. PCS's key responsibilities include provision of essential corporate services that relate to administrative policy, human resources, finance, contracts and administration. The unit also manages and coordinates planning for the organization resulting in a Regional Management Plan and acts as secretariat to support IOGC Co-management Board operations.

Human Resources Group Functions

- Administering human resource items related to IOGC's Separate Employer status
- Recruitment and staffing
- Staff relations
- Compensation and benefits
- Training and career development
- Classification

During the fiscal year, the Human Resources Group did the preparatory work for the coming in force of the new *Public Service Employment Act*, December 31, 2005, which is part of Public Service Modernization. The three mandatory policies, Area of Selection, Advertised/Non-advertised Processes and Corrective Action/Revocation of Appointment were developed and approved. The required training for managers on the new staffing framework was done, as well as an information session on the same subject for employees.

At year end IOGC had a staff complement of 77 employees with 42 percent of employees of Aboriginal decent.

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Contracts and Administration Group Functions

- Contract administration
- Maintenance of central records
- Facility management
- Purchasing
- Security
- Handling of access to information requests
- Maintenance of a resource library

IOGC entered into contracts and amendments totalling $1.6 million for a variety of professional services to support required oil and gas operations. In July 2005 a web-based version of a document management system was implemented. Flooding of the office also called for renovations to remediate damages.

Finance Group Functions

- Providing corporate financial service to IOGC in the areas of accounting operations, financial systems, budget allocation, management variance reporting and funding to pilot First Nations for oil and gas initiatives
- Administering the decentralized IOGC budget
- Collecting and processing bonus, lease and royalty payments to First Nations trust accounts through IOGC's Resource Information Management System (RIMS) into the department's Trust Fund Management System.

During the fiscal year, over $271.4 million was collected on behalf of First Nations. An upgrade to the financial system was also implemented.

Wells Drilled Summary

Oil Wells	46
Gas Wells	95
Cased Wells	37
Abandoned Zone Wells	2
Abandoned Wells	8
Confidential Wells*	1
Total Wells	189

* *Confidential wells are wells for which data was confidential at the time this report was published.*

First Nation Interest Wells Drilled Fiscal Year 2005-2006

Reserve	Well Name	Location (Surface)	Status	Total Depth (m)
Alexis #133, AB	EXALTA ST. ANNE	03-09-55-04W5	Abandoned	1,465
Alexis #133, AB	EXALTA ST. ANNE	14-14-55-04W5	Abandoned	1,400
Alexis #133, AB	EXALTA 102 ST. ANNE	2/07-17-55-04W5	Confidential	
Alexis #133, AB	EXALTA ST. ANNE	09-22-55-04W5	Abandoned	1,370
Blood #148, AB	BONAVISTA PENNY	14-08-08-22W4(3-17)	Oil	1,143
Blood #148, AB	BONAVISTA PENNY	10-18-08-22W4(9-18)	Oil	1,175
Blood #148, AB	BONAVISTA PENNY	11-18-08-22W4	Oil	1,186
Blood #148, AB	BONAVISTA PENNY	03-24-08-23W4	Oil	1,196
Blood #148, AB	BONAVISTA PENNY	13-27-08-23W4	Oil	1,360
Blood #148, AB	BONAVISTA PENNY	09-33-08-23W4(8-33)	Oil	1,410
Blood #148, AB	BONAVISTA PENNY	12-33-08-23W4(5-33)	Oil	1,488
Blood #148, AB	BONAVISTA PENNY	14-35-08-23W4	Cased	1,115
Blood #148, AB	BONAVISTA PENNY	14-36-08-23W4	Cased	1,095
Blood #148, AB	BONAVISTA PENNY	14-02-09-23W4	Gas	1,132
Blood #148, AB	BONAVISTA PENNY	01-03-09-23W4	Gas	1,148
Blood #148, AB	BONAVISTA PENNY	02-05-09-23W4	Oil	1,452
Blood #148, AB	BONAVISTA PENNY	05-05-09-23W4	Oil	1,487
Blood #148, AB	BONAVISTA PENNY	14-05-09-23W4	Oil	1,460
Blood #148, AB	BONAVISTA PENNY	08-10-09-23W4	Gas	1,142
Blood #148, AB	BOWOOD BLOOD (DPT)	09-13-07-22W4	Cased	1,188
Blood #148, AB	BOWOOD PENNY	14-34-08-23W4	Cased	1,324
Blood #148, AB	BOWOOD PENNY	05-08-09-23W4	Cased	1,537
Buck Lake #133C, AB	KINCORP MINHIK	13-20-45-05W5	Cased	539
Carry the Kettle #76-33, SK	GRIZZLY ABBEY	41/05-33-21-19W3	Gas	438
Carry the Kettle #76-33, SK	GRIZZLY ABBEY	41/06-33-21-19W3	Gas	438
Carry the Kettle #76-33, SK	GRIZZLY ABBEY	41/14-33-21-19W3	Gas	448
Carry the Kettle #76-33, SK	GRIZZLY ABBEY	41/16-33-21-19W3	Gas	440
Carry the Kettle #76-33, SK	GRIZZLY ABBEY	41/06-36-21-19W3	Gas	438
Carry the Kettle #76-33, SK	GRIZZLY ABBEY	41/08-36-21-19W3	Gas	438
Carry the Kettle #76-33, SK	GRIZZLY ABBEY	41/14-36-21-19W3	Gas	438
Carry the Kettle #76-33, SK	GRIZZLY ABBEY	41/16-36-21-19W3	Gas	438
Cold Lake #149, AB	BAYTEX 14C BEAVRDM	14-06-62-02W4	Oil	335
Cold Lake #149, AB	BAYTEX 16C BEAVRDM	2/16-16-61-02W4	Oil	327
Duncan's #151A, AB	WINSTAR BERWYN	02-10-82-25W5	Cased	1,009
Hay Lake #209, AB	NAVIGO SOUSA	13-30-112-04W6	Gas	276
Hay Lake #209, AB	NAVIGO SOUSA	16-31-112-04W6	Gas	249

First Nation Interest Wells Drilled Fiscal Year 2005-2006

Reserve	Well Name	Location (Surface)	Status	Total Depth (m)
Hay Lake #209, AB	NAVIGO SOUSA	02-01-112-05W6	Cased	288
Hay Lake #209, AB	NAVIGO SOUSA	11-04-112-05W6	Cased	276
Hay Lake #209, AB	NAVIGO SOUSA	16-08-112-05W6	Gas	290
Hay Lake #209, AB	NAVIGO SOUSA	3/07-17-112-05W6	Gas	276
Hay Lake #209, AB	NAVIGO SOUSA	16-20-112-05W6	Gas	280
Hay Lake #209, AB	NAVIGO SOUSA	02-24-112-05W6	Gas	264
Hay Lake #209, AB	NAVIGO SOUSA	02-26-112-05W6	Gas	263
Hay Lake #209, AB	NAVIGO SOUSA	16-29-112-05W6	Gas	276
Hay Lake #209, AB	NAVIGO SOUSA	16-34-112-05W6	Gas	277
Hay Lake #209, AB	SHINEBK SOUSA	10-06-113-04W6	Gas	299
Hay Lake #209, AB	SHINEBK SOUSA	11-06-113-04W6	Gas	305
Hay Lake #209, AB	SHINEBK SOUSA	07-07-113-04W6	Gas	285
Hay Lake #209, AB	SHINEBK SOUSA	12-07-113-04W6	Gas	221
Hay Lake #209, AB	SHINEBK SOUSA	02-18-113-04W6	Gas	270
Hay Lake #209, AB	SHINEBK SOUSA	05-18-113-04W6	Gas	270
Hay Lake #209, AB	SHINEBK SOUSA	14-01-113-05W6	Abandoned	42
Hay Lake #209, AB	SHINEBK SOUSA	04-13-113-05W6	Abandoned	106
Hay Lake #209, AB	SHINEBK SOUSA	07-01-113-05W6	Gas	315
Hay Lake #209, AB	SHINEBK SOUSA	05-12-113-05W6	Gas	312
Hay Lake #209, AB	SHINEBK SOUSA	02-13-113-05W6	Gas	321
Kapawe'no #230, AB	NORTHGUN GROUARD	07-33-75-14W5	Gas	840
Kapawe'no #230, AB	TIMING GROUARD	09-32-75-14W5	Gas	555
Little Pine #116, SK	TRUE FREEMONT	21/05-22-44-24W3	Gas	775
Loon Lake #235, AB	HARVEST LOON	03-32-86-09W5	Oil	1,395
Loon Lake #235, AB	HARVEST 102 LOON	2/13-19-86-10W5	Oil	1,381
Loon Lake #235, AB	HARVEST LOON	08-25-86-10W5	Oil	1,375
Loon Lake #235, AB	STORM EXP PEERLESS REDE	01-33-87-09W5	Oil	1,470
Makaoo #120, AB/SK	PAN GLOBAL ONION LAKE SOUTH	11/10-36-54-28W3	Oil	573
Ocean Man #69, SK	KEYSTONE N HANDWRTH	91/10-30-10-07W2 (LEG1)	Oil	1,879
Ocean Man #69, SK	KEYSTONE N HANDWRTH	31/15-30-10-07W2(LEG2)	Oil	1,795
O'Chiese #203, AB	NORTHROCK BRAZR	09-36-44-11W5	Gas	2,701
O'Chiese #203, AB	NORTHROCK FERR	06-26-44-10W5	Gas	2,625
O'Chiese #203, AB	WESTROCK 102 FERR	2/13-02-44-10W5	Gas	1,748
O'Chiese #203, AB	WESTROCK FERR	04-12-44-10W5	Gas	1,760
O'Chiese #203, AB	WESTROCK FERR	16-24-44-10W5	Abandoned	1,652
O'Chiese #203, AB	WESTROCK BRCL FERR	2/02-35-44-10W5	Gas	2,618
Onion Lake #119-1, SK	NUVISTA ONION LAKE NORTH	31/04-04-56-27W3	Gas	654
Onion Lake #119-1, SK	NUVISTA PECK LAKE	12/01-09-58-26W3	Gas	515
Onion Lake #119-1, SK	PANGLOBAL ONION LAKE NORTH	21/08-31-55-27W3	Oil	616
Onion Lake #119-1, SK	PANGLOBAL ONION LAKE NORTH	22/12-33-55-27W3	Cased	639
Pigeon Lake #138A, AB	PIVOTAL 102 BGLEN	02/03-25-46-28W4(15-24)	Gas	1,802
Pigeon Lake #138A, AB	PIVOTAL 102 BGLEN	2/16-35-46-28W4	Gas	599
Pigeon Lake #138A, AB	PIVOTAL 105 BGLEN	05/12-36-46-28W4	Gas	595
Pigeon Lake #138A, AB	PIVOTAL BGLEN	02-24-46-28W4(7-24)	Gas	1,766
Poundmaker #114, SK	BANKS POUNDMAKER	31/05-27-44-21w3	Gas	632
Poundmaker #114, SK	BANKS POUNDMAKER	41/07-28-44-21W3	Gas	637
Poundmaker #114-22, SK	ARAPAHOE FREEMONT	11/A11-27-44-24W3	Oil	741
Poundmaker #114-22, SK	ARAPAHOE FREEMONT	11/A12-27-44-24W3	Oil	745
Poundmaker #114-22, SK	ARAPAHOE FREEMONT	11/A16-35-44-24W3	Oil	726
Puskiakiwenin #122, AB	BFCI 9A FROID LK	09-17-57-03W4	Oil	472
Puskiakiwenin #122, AB	CNRL 10A LINDBRGH	10-10-57-04W4(11-10)	Oil	615

First Nation Interest Wells Drilled Fiscal Year 2005-2006

Reserve	Well Name	Location (Surface)	Status	Total Depth (m)
Puskiakiwenin #122, AB	CNRL 10C LNDBRGH	2/10-03-57-04W4	Oil	542
Puskiakiwenin #122, AB	CNRL 12C LNDBRGH	2/12-25-57-04W4	Oil	526
Puskiakiwenin #122, AB	CNRL 13B LNDBRGH	13-25-57-04W4(9-26)	Oil	610
Puskiakiwenin #122, AB	CNRL 15D FROG LK	2/15-04-58-03W4	Oil	510
Puskiakiwenin #122, AB	CNRL 16C LNDBRGH	16-26-57-04W4(9-26)	Oil	645
Puskiakiwenin #122, AB	CNRL 3C LNDBRGH	03-13-57-04W4(4-13)	Oil	601
Puskiakiwenin #122, AB	CNRL 5D LNDBRGH	05-25-57-04W4(8-26)	Oil	611
Puskiakiwenin #122, AB	CNRL 6A LNDBRGH	06-25-57-04W4(12-25)	Oil	639
Puskiakiwenin #122, AB	CNRL 7C LNDBRGH	07-25-57-04W4(12-25)	Oil	650
Puskiakiwenin #122, AB	CNRL 8A LNDBRGH	08-26-57-04W4	Oil	528
Puskiakiwenin #122, AB	CNRL 8C LNDBRGH	2/08-26-57-04W4	Oil	583
Puskiakiwenin #122, AB	CNRL 9A LNDBRGH	02/09-26-57-04W4(8-26)	Oil	565
Samson #137, AB	BRCL SAMSON	14-25-43-24W4	Gas	1,559
Samson #137, AB	CNRL DYBERG	04-07-44-23W4	Gas	416
Samson #137, AB	CNRL DYBERG	15-31-44-23W4	Gas	1,485
Samson #137, AB	CNRL SAMSON	16-07-44-24W4	Cased	1,105
Samson #137, AB	CNRL WOODP	14-32-43-23W4	Gas	392
Sharphead #141, AB	ENCANA CHIG	02-32-42-26W4	Gas	879
Siksika #146, AB	MOXIE JBUSH	11-16-20-20W4	Cased	1,350
Siksika #146, AB	PETROBANK JUMPBUSH	04-14-20-21W4	Gas	600
Siksika #146, AB	PETROBANK JUMPBUSH	12-14-20-21W4	Gas	810
Siksika #146, AB	PETROBANK SERC 102 BASS	2/11-01-21-20W4	Gas	756
Siksika #146, AB	PETROBANK SERC GLEICHEN	12-04-21-21W4	Gas	833
Siksika #146, AB	PETROBANK SERC GLEICHEN	15-06-21-21W4	Gas	833
Siksika #146, AB	PETROBANK SERC GLEICHEN	05-06-21-21W4	Gas	845
Siksika #146, AB	PETROBANK SERC GLEICHEN	13-06-21-21W4	Gas	849
Siksika #146, AB	PETROBANK SERC GLEICHEN	02-07-21-21W4	Gas	815
Siksika #146, AB	PETROBANK SERC GLEICHEN	06-07-21-21W4	Gas	847
Siksika #146, AB	PETROBANK SERC GLEICHEN	01-08-21-21W4	Gas	830
Siksika #146, AB	PETROBANK SERC GLEICHEN	04-08-21-21W4	Gas	832
Siksika #146, AB	PETROBANK SERC JBUSH	05-19-20-21W4	Gas	847
Siksika #146, AB	PETROBANK SERC JBUSH	11-20-20-21W4	Gas	834
Siksika #146, AB	PETROBANK SERC JBUSH	06-28-20-21W4	Gas	830
Siksika #146, AB	PETROBANK SERC JUMPBUSH	07-31-20-19W4	Gas	779
Siksika #146, AB	PETROBANK SERC JUMPBUSH	10-32-20-19W4	Gas	745
Siksika #146, AB	PETROBANK SERC JUMPBUSH	2/14-33-20-19W4	Gas	705
Siksika #146, AB	PETROBANK SERC JUMPBUSH	02-21-20-20W4	Gas	832
Siksika #146, AB	PETROBANK SERC JUMPBUSH	16-21-20-20W4	Gas	798
Siksika #146, AB	PETROBANK SERC JUMPBUSH	13-22-20-20W4	Gas	810
Siksika #146, AB	PETROBANK SERC JUMPBUSH	16-22-20-20W4	Gas	811
Siksika #146, AB	PETROBANK SERC JUMPBUSH	02/14-34-20-20W4	Gas	774
Siksika #146, AB	PETROBANK SERC JUMPBUSH	06-35-20-20W4	Gas	774
Siksika #146, AB	PETROBANK SERC JUMPBUSH	03-36-20-20W4	Gas	780
Siksika #146, AB	PETROBANK SERC JUMPBUSH	01-19-20-21W4	Gas	802
Siksika #146, AB	PETROBANK SERC JUMPBUSH	06-21-20-21W4	Gas	830
Siksika #146, AB	PETROBANK SERC JUMPBUSH	05-28-20-21W4	Gas	829
Siksika #146, AB	PETROBANK SERC JUMPBUSH	02-32-20-21W4	Gas	840
Siksika #146, AB	PETROBANK SERC JUMPBUSH	04-32-20-21W4	Gas	842
Siksika #146, AB	PETROBANK SERC JUMPBUSH	10-32-20-21W4	Gas	842
Siksika #146, AB	PETROBANK SERC JUMPBUSH	12-32-20-21W4	Gas	841
Siksika #146, AB	PETROBANK SERC JUMPBUSH	03-33-20-21W4	Gas	801

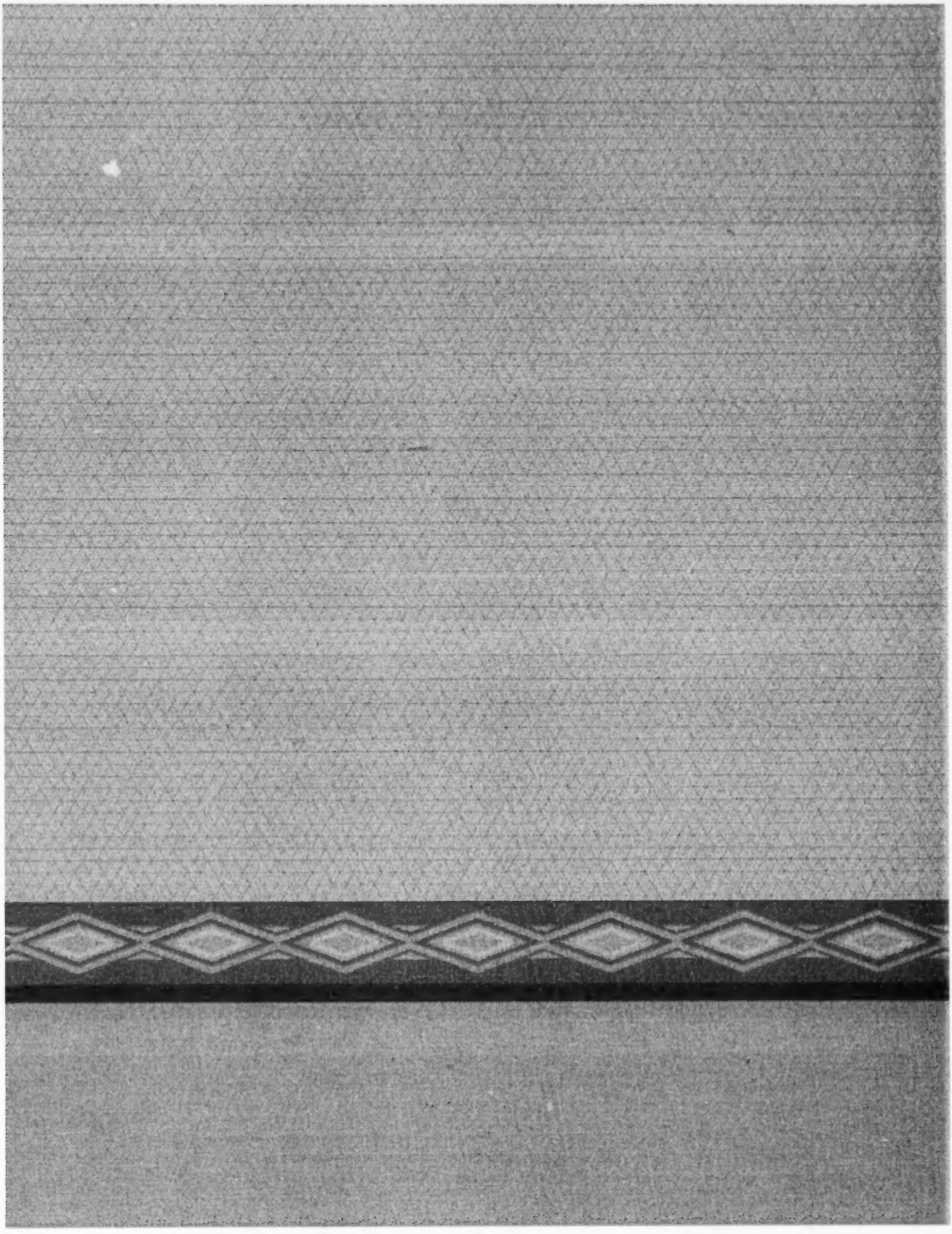
First Nation Interest Wells Drilled Fiscal Year 2005-2006

Reserve	Well Name	Location (Surface)	Status	Total Depth (m)
Siksika #146, AB	PETROBANK SERC JUMPBUSH	11-33-20-21W4	Gas	834
Siksika #146, AB	PETROBANK SERC SHOULDICE	04-13-20-22W4	Gas	860
Siksika #146, AB	PETROBANK SERC SHOULDICE	08-13-20-22W4	Gas	845
Siksika #146, AB	PETROBANK SERC SHOULDICE	03-25-20-22W4	Gas	859
Siksika #146, AB	PETROBANK SERC SHOULDICE	08-25-20-22W4	Gas	848
Siksika #146, AB	PETROBANK SERC SHOULDICE	10-25-20-22W4	Gas	853
Siksika #146, AB	PETROBANK SERC SHOULDICE	14-26-20-22W4	Gas	873
Siksika #146, AB	PETROBANK SERC SHOULDICE	06-34-20-22W4	Gas	885
Siksika #146, AB	PETROBANK SERC SHOULDICE	08-34-20-22W4	Gas	879
Siksika #146, AB	PETROBANK SERC SHOULDICE	13-34-20-22W4	Gas	892
Siksika #146, AB	PETROBANK SERC SHOULDICE	16-34-20-22W4	Gas	877
Siksika #146, AB	PETROBANK SERC SHOULDICE	06-35-20-22W4	Gas	860
Siksika #146, AB	PETROBANK SERC SHOULDICE	08-35-20-22W4	Gas	864
Siksika #146, AB	PETROBANK SERC SHOULDICE	14-35-20-22W4	Gas	870
Siksika #146, AB	PETROBANK SERC SHOULDICE	16-35-20-22W4	Gas	862
Siksika #146, AB	PETROBANK SERC SHOULDICE	06-36-20-22W4	Gas	856
Siksika #146, AB	PETROBANK SERC SHOULDICE	08-36-20-22W4	Gas	851
Siksika #146, AB	PETROBANK SERC SHOULDICE	14-36-20-22W4	Gas	852
Siksika #146, AB	PETROBANK SERC SHOULDICE	10-08-21-21W4	Gas	825
Siksika #146, AB	PETROBANK SERC SHOULDICE	03-02-21-22W4	Gas	869
Siksika #146, AB	PETROBANK SERC SHOULDICE	06-03-21-22W4	Gas	857
Siksika #146, AB	PETROBANK SERC SHOULDICE	08-03-21-22W4	Gas	847
Siksika #146, AB	PETROBANK SERC SHOULDICE	06-04-21-22W4	Gas	888
Siksika #146, AB	PETROBANK SERC SHOULDICE	07-04-21-22W4	Gas	886
Siksika #146, AB	RESPONSE BLFT	08-26-22-24W4	Gas	1,645
Stony Plain #135, AB	ACCLAIM ACHE	09-02-52-26W4	Cased	1,372
Stony Plain #135, AB	ACCLAIM YEKAU	13-16-52-26W4	Abandoned	1,365
Sunchild #202, AB	BRCL FERRIER	16-34-42-10W5	Gas	2,867
Sunchild #202, AB	WESTROCK FERR	02-15-42-10W5	Gas	2,930
Swampy Lake #236, AB	HARVEST LOON	04-32-85-09W5	Oil	1,530
Swampy Lake #236, AB	HARVEST 102 LOON	2/13-19-86-09W5	Cased	1,381
Swampy Lake #236, AB	STORM EXP LOON	10-17-86-09W5	Oil	1,512
Swampy Lake #236, AB	STORM EXP PEERLESS LOON	10-32-85-09W5	Abandoned	1,511
Swampy Lake #236, AB	STORM EXP PEERLESS LOON	02-09-86-09W5	Oil	1,540
Swampy Lake #236, AB	STORM EXP PEERLESS LOON	01-20-86-09W5	Oil	1,512
Tsuu Tina #145, AB	C1 ENERGY SARCEE	02/12-13-23-04W5	Gas	3,224
Tsuu Tina #145, AB	COMPTON SARCEE	15-09-23-02W5	Cased	1,694
Tsuu Tina #145, AB	COMPTON SARCEE	07-20-23-02W5	Gas	1,750
Tsuu Tina #145, AB	COMPTON SARCEE	13-21-23-02W5	Gas	1,680
Tsuu Tina #145, AB	COMPTON SARCEE	06-22-23-02W5	Gas	1,642
Tsuu Tina #145, AB	COMPTON SARCEE	03-30-23-02W5	Gas	1,723
Tsuu Tina #145, AB	COMPTON SARCEE	12-27-23-03W5	Gas	1,833
Unipouheos #121, AB	BFO 13C FROG LK	13-21-56-03W4	Oil	512
Unipouheos #121, AB	BFO 16C FROG LK	16-17-56-03W4	Oil	519
Unipouheos #121, AB	BFO 1C FROG LK	01-17-57-03W4	Oil	470
Unipouheos #121, AB	CNRL 10C FROG LK	10-31-56-02W4	Oil	531
Unipouheos #121, AB	CNRL 1D FROG LK	01-19-56-03W4	Oil	538
Unipouheos #121, AB	CNRL 3A FROG LAKE	03A-15-56-02W4	Oil	516
Wabamun #133A, AB	ZARGON HIGHWAY	02-26-52-03W5	Gas	720
White Bear #70, SK	HARVEST WBOG MARSH LK	91/01-23-09-03W2/10-23	Oil	2,095
White Bear #70, SK	HARVEST WBOG MARSH LK	91/06-24-09-03W2/10-23	Oil	2,051

Financial Operations 2005-2006

Funding - Expenses, Contributions & Transfers			$11,020,827
Expenses			
Salaries		$5,132,526	
Operations & Maintenance			
Inventory Management	447,307		
Environment	55,645		
Negotiations (Disposition & Amendment)	84,428		
Agreement Management	147,877		
Royalty	737,627		
Compliance	871,889		
Corporate Management	682,935		
Informatics	229,008		
Direct Operations Support	391,669		
Policy Management	194,404		
Legislative/Regulatory	0		
Litigation	568		
Pilot	58,534		
IOGC Board	4,846		
Total Operations & Maintenance		$3,906,734	
Contributions & Transfers			
IRC Partnership	300,000		
IOGC Board	80,000		
First Nations Oil & Gas Management Initiative	1,244,000		
Other Contributions & Transfers	225,189		
Total Contributions & Transfers		$1,849,189	
Total Expenses, Contributions & Transfers			$10,888,450
Surplus/Deficit			$132,377

Revenues Collected on Behalf of First Nations		
Royalties	$249,753,675	
Bonus	$9,077,736	
Compensation and Rentals	$12,659,975	
Total Revenues Collected on Behalf of First Nations		$271,491,385



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